



September 27, 2011

Restructuring Unit

The Bank of New York Mellon, as Trustee  
The Financial Center  
7<sup>th</sup> Floor  
505 North 20<sup>th</sup> Street  
Birmingham, Alabama 35203

Jefferson County  
Jefferson County Courthouse  
716 North 21<sup>st</sup> Street  
Birmingham, Alabama 35263  
Attention: Director of Finance

J.P.Morgan  
383 Madison Avenue, 23<sup>rd</sup> Floor  
NY1M107  
New York, New York 10179  
Attention: William A. Austin

Re: *\$120,000,000 Jefferson County, Alabama General Obligation  
Warrants, Series 2001-B (the "2001-B GO Warrants")*

Ladies and Gentlemen:

Bayerische Landesbank, New York Branch ("BayernLB") acknowledges receipt of the County's Material Event Notice dated September 16, 2011, and wishes to provide formal written notice of its position with regard to item 8 in the "Proposed Terms and Conditions for Settlement and Refinancing of Jefferson County's Outstanding Sewer Warrants" dated September 14, 2011 (the "Sewer Settlement Term Sheet").

BayernLB holds a majority in principal amount of the outstanding 2001-B GO warrants. BayernLB has not been involved in the negotiation of the Sewer Settlement Term Sheet. BayernLB has not agreed to waive accrued and unpaid default interest nor to reinstate the original amortization schedule applicable to the 2001-B GO Warrants as contemplated by item 8 of the Sewer Settlement Term Sheet. The documents executed and delivered in connection with the issuance of the 2001-B GO Warrants do not permit the County, the Trustee or JPMorgan Chase Bank to amend the documents as required to implement item 8 without BayernLB's consent.

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Bayern LB is encouraged by the proposed enactment of legislation regarding resolution of the County's General Fund deficiency issues and looks forward to delivery of the County's audited financial statements as contemplated in item 7 (b) (iii) and 7 (h) of the Sewer Settlement Term Sheet.


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of the letter dated  
September 27, 2011

Very truly yours,

BAYERISCHE LANDESBANK  
New York Branch

By:   
JOSEPH C. CAMPAGNA  
SENIOR VICE PRESIDENT

By:   
FRANCIS X. DOYLE  
VICE PRESIDENT